RESTAURANT ASSOCIATES: THE LEGACY

Spawning ground for greatness—pp. 31-60

10/24/83
C5150-5

Nation's Restaurant News®

The Newspaper of the Food Service Industry

Vol. 17, No. 22 | Published every other Monday, 25 times a year, by Lebhar-Friedman Inc.; $2 a copy, $18 a year | October 24, 1983

Independent operators exploring new territory

A mood of optimism and a desire to invest in new ventures set the tone as nearly 500 independent restaurateurs gathered for the annual Travel/Holiday Awards Reunion. The event included an Italian luncheon extravaganza catered by four of southern California's most noted Italian restaurateurs: (from left to right) Jean Leon of La Scala, Beverly Hills; Piero Selvaggio of Valentino; Mauro Vincenti of Rex Il Ristorante, L.A., and Emilio Baglioni of Emilio's, L.A.

Restaurateurs unveil plans during Travel/Holiday reunion

LOS ANGELES—Operators of some of the nation's most highly acclaimed restaurants are stepping up their involvement in ventures outside the fine-dining segment, according to those attending the annual *Travel/Holiday* Awards Reunion here.

Investments are being made in fast-food restaurants; smaller, moderately priced dinnerhouses; deli-style restaurants, and management companies.

Bert Cutino, co-owner of the famed Sardine Factory in Monterey, Calif., explained that he and his partner, Ted Balestreri, formed Pacific Hospitality to develop and operate Wendy's units because they are ready to expand with a simpler operation.

"It's a more involved, complex business than it was 15 years ago," Cutino said of the fine-dining segment. "Today, there are environmental and energy considerations. The competition is always getting tougher and it is harder to find the talent of personnel necessary to maintain consistency and quality in a large restaurant."

Cutino and Balestreri are, of course, holding on to the Sardine Factory but have purchased seven franchised Wendy's and plan to build 29 others in the San Jose, Santa Clara and San Francisco markets.

Don Dianda Jr., whose father owns Doros in San Francisco, is president of Pacific Hospitality and a partner in the operation. Other partners include William

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Church's maps out aggressive strategy to hike market share

By Donald Jeffrey

SAN ANTONIO—Traditionally conservative Church's Fried Chicken is trying to reverse several years of severe customer traffic erosion with a series of bold steps that include a new aggressive advertising campaign.

Corporate battles between liberals and conservatives have shaken up headquarters and, just last month, longtime chief financial officer William Storm resigned because of "philosophical differences with management," according to controller Joseph Rock.

Earlier this year, James Parker resigned as executive vice president-operations.

Church's has been struggling recently with a dropoff in sales and profits in the fired-up fast-food chicken segment.

Profits in the third quarter ended Sept. 4 dropped 37% to $6.7 million from the year-earlier period. But Rock says he and other executives are encouraged by early indications for fourth quarter performance.

Changes in strategy, especially Church's commitment to build market share with aggressive advertising, will result in real sales growth in the final quarter, Rock said.

Other strategic moves in the past year that Church's officials have made include:

- The new commitment to advertising—an aggressive program that takes on segment leader KFC;
- Expansion from its traditional base of lower-income demographics and inner-city sites to

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NRA's Neville to resign; search on for successor

By Ken Rankin

WASHINGTON—National Restaurant Association communications director Jeffrey Prince in effect has taken over as staff chief at NRA headquarters due to the failing health of executive vice president Robert Neville.

Neville, 66, a 14-year NRA veteran and seasoned food-service industry lobbyist, is working only a few hours a day on his physician's advice and plans to resign as soon as a successor is found.

A search committee for Neville's successor headed by NRA president Joe Lee, General Mills's restaurant group president, was formed at the association's fall board meeting earlier this month.

Possible candidates for Neville's spot, according to knowledgeable sources, include Bill Fisher, who was NRA's staff chief and executive vice president for four and a half years during the 1970's. Fisher is executive vice president of Service Systems and has been mentioned as a strong candidate by several board members.

Robert Neville

Lee's search committee also is likely to consider several "in-house" candidates, including Prince—a former aide to Robert Bradford who headed NRA briefly before an abrupt resignation in early 1982—and former Congressman Ron Sarasin who joined the association earlier this year as director of Government relations.

Brian Harron, who stepped down as executive vice president in mid-1980 and now heads a consulting firm in Arizona, reportedly is interested in returning to the NRA, but that is not

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LATE NEWSBREAKS

Naugles' board chairman Harold Butler (who founded Denny's 30 years ago) told a record 1,100 MUFSO attendees in Los Angeles last month of high hopes for his unusual new concept, Berry's, a 6,000-sq.-ft. deli-bakery-coffee shop experiment in San Bernardino grossing $2 million annually.

Carlson Companies is spinning off 40% of T.G.I. Friday's, its 83-unit casual theme chain, with a 4.5 million share offering that would raise $90 million. Friday's would use the proceeds to repay debt and repurchase Friday's stock from Carlson.

Movie mogul Dino De Laurentiis has turned over operations of his two New York DDL Foodshow gourmet delis to Saga Corp. Launched with great fanfare, the high-ticket delis have been plagued with high management turnover, reported low customer traffic and a health citation. Saga, a large contract feeder, is "setting up organizational systems at DDL," a spokesman said.

Exploring a hot new trend . . .

Wendy's tests 'gourmet' burgers

By Rurick Telberg

COLUMBUS, Ohio—Wendy's has expanded its inventory of experimental menu items with "gourmet" hamburgers, but has no plans to expand the test.

Interest in so-called gourmet or upscale burgers is building as strategists suggest that the consumer generation weaned on fast food is now seeking products of more discernible quality.

New chains featuring this "adult fast food" include Chili's, Spoon's, Fuddrucker's, G. D. Ritzy's and Flakey Jake's.

"We're just testing to see if there is a market for that for us," a Wendy's spokesman said. "We have no intention to expand the test at this point."

Wendy's is testing four versions of the new hamburger at fewer than 50 stores in Florida, including Jacksonville, and in Ohio, including Toledo.

All four versions use a quarter-pound pattie served on a 4½-in. whole wheat bun. The standard Wendy's burger is almost half that size and served on a 4-in. white bread bun.

The new burgers are reportedly "cannibalizing" sales of regular Wendy's burgers and officials are clearly unimpressed with the current formulation.

The new burgers come with four toppings: guacamole with bacon, Swiss cheese, sour cream, chili sauce and alfalfa sprouts; mushroom with Swiss cheese and sour cream; bacon and cheese with tomato and alfalfa sprouts, and bacon and onion with Swiss cheese, bacon, grilled onions and a special sauce.

They are priced from $1.89 to $2.49.

The 2,500-unit burger chain continues to test a number of other menu items, including breakfast, dinner, baked potatoes and fish, chicken and bacon-lettuce-and-tomato sandwiches.

Wendy's has earned a reputation for thoroughly testing new

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COMMODITIES

Price trends mixed; meat, poultry down

NRN Special Report

With food costs showing less increase than the greatly slowed inflation, pricing trends are extremely mixed in this fourth quarter of 1983. While price increases have been posted on a number of foods, others have been reduced, and many are fortunately—at least for the food-service operator—in a holding pattern.

Meat prices, both beef and pork, are holding at low levels, well under the "magic" slaughterhouse level of $1 per pound for choice bulk shipments. There has been some volatility in beef pricing, but it has remained largely in the 90¢ to 97¢ range for most of August and September. These price levels are expected to be maintained largely through the winter, but are forecast to rise precipitously early in the spring.

Ranchers and farmers are still moving cattle off the range to the slaughterhouse, reflecting the drought and heat conditions which devastated a large amount of Midwestern and Western range and farm land. Combined with the dramatically increased price of most of the feed grains—which changed producers' intentions of holding cattle over the winter—and the need for immediate income to offset crop losses, this is cutting herd levels to a low point.

At the present time, the pipeline is full of beef. Demand has not increased at the same rate. As a result, there is a plentiful supply on hand, so the prices have remained low. By spring, that condition will have changed; the pipeline will be largely emptied as the producers slow marketing in midwinter. Good range cover in the spring will slow the flow even more. As a result the prices are expected to rise to levels as high as the peaks of the 1976-80 period.

The price push will affect feedlot cattle, too. Corn and soybeans, two of the major feed grains, have almost doubled in price since last year. Sorghum, another important feed grain, has increased more than 50%, Cottonseed meal and linseed meal are up about the same percentage as sorghum, and only wheat and barley show minimal increases. The latter two, however, are not as important as corn and soybeans. These increases will have a direct effect upon the price of Choice grade meat, which is almost all feedlot "finished." A ceiling on the price of Choice, however, is being held by the increased supplies of lower grade cattle on the market. In the spring, when those supplies have been depleted, the increased costs of feeding are expected to cause Choice prices to surge.

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PRICE MOVEMENT AT A GLANCE

	Sept. 30, 1982	Aug. 30, 1983	Sept. 30, 1983
Beans, pinto, Colorado, dry (cwt.)	$15.50	$23.50-24.00	$26.00-26.50
Beef, Choice, 700-900 lb., Midwest (lb.)	$ 0.90	$ 0.93	$ 0.93
Broilers, Grade A, icepack NYC (lb.)	$ 0.4651	$ 0.5991	$ 0.4893
Butter, Grade AA, Chicago (lb.)	$ 1.48	$ 1.495	$ 1.54
Coffee, green beans, Brazil (lb.)	$ 1.37	$ 1.28	$ 1.38
Lettuce, iceberg, California (24s)	$ 3.00-4.00	$ 4.50-6.00	$ 4.00-5.00
Peas, green, Fancy 4s, canned, Midwest (6/10)	$10.00-10.25	$11.00-11.25	$11.50-11.75
Pork loins, Choice, 14-17 lb., Midwest (lb.)	$ 1.20	$ 0.91	$ 0.95
Shrimp, Grade A, frozen, Gulf brown, 16/20 (lb.)	$ 7.20	$ 7.35-7.40	$ 7.30
Spinach, Grade A, leaf, frozen, Calif. (lb.)	$ 0.30	$ 0.33-0.35	$ 0.29-0.31

Source: NRN Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

General Mills shutters 22 red-ink stained York units

COLUMBUS, Ohio—York Restaurant Systems has closed 22 of its 151 restaurants because the 22 were losing money.

"It is anticipated this move will increase the chain's strength and financial results dramatically," Joe R. Lee, president of the General Mills Restaurant Group, said.

General Mills also owns Red Lobster seafood dinnerhouses, Casa Gallardo Mexican dinnerhouses, Good Earth restaurants, and Darryl's 1890 pubs.

Ron Magruder, who replaced Berndt Gross as York president in May, said the closed restaurants were averaging $600,000 per year in sales. Without them, the chain should average $1.3 million per unit, he said.

They were unprofitable, Magruder said, because there were not enough of them in their markets to benefit from advertising and promotional expenditures.

Joe Lee

"We could fill out our markets in Detroit, Baltimore and Philadelphia, for example, for what it would cost to build up the Atlanta market," Magruder said. He added it would take 12 units to make money in Atlanta, but York had only two there.

The York restaurants, which each employ about 40 people, were mostly located in the Southeast at the fringe of York's Midwest heartland.

Magruder said the chain planned to go ahead with plans laid early this year to open six to seven new units.

Officials said the move would allow York to concentrate on its proven markets in such states as Ohio and Illinois.

The units ranged in age from three years to 10. All of them, like the bulk of York's units, were located in malls.

Over the years York has found its units vulnerable to downturns in retail traffic and new mall development, executives said.

"I think we have a much greater opportunity for a consistent business flow by having a mix of freestanding and mall units," said Magruder, who worked at Casa Gallardo and

(Continued on page 91)

Private investors group acquires Pea Soup Andersen's for $35M

By Richard Martin

BUELLTON, Calif.—Pea Soup Andersen's, the 59-year-old landmark restaurant group with annual sales of over $25 million, has been sold to a group of private investors for approximately $35 million.

Timothy O'Healy, 36, current president and chief executive of Andersen's, heads up the otherwise unnamed group of general partners who will acquire the four-unit chain of Danish-themed restaurant/motel "highway centers."

O'Healy will continue as chief executive, and no changes in philosophy, management or operation are anticipated, said Andersen's board chairman, Lucien L. Excallier.

For the past three years, the Pea Soup Andersen's chain had been administered by the estate of its owners, the late Vincent and Margery Evans, who were killed in an airplane crash in 1980. They bought the chain from the founding Andersen family in 1966.

Escallier described the buyout offer as "very fair," but would not disclose other details of the transaction. He did indicate that early completion of an 80-room addition to the existing $11-million Pea Soup Andersen's Inn at Carlsbad, Calif., has been approved.

Two new California highway centers, one in Shasta County and one in Kern County, were also approved for completion within the next several years.

The 59-year-old four-unit Pea Soup Andersen's restaurant/motel group has annual sales of more than $25 million.

In addition to the chain's original unit north of Santa Barbara in Buellton, Calif., (opened in 1924 by Danish immigrant Anton Andersen), the other complexes are in Carlsbad (north of San Diego), Santa Nella (south of Stockton), and Mammoth Lakes (in the eastern Sierra mountains).

Nearly two million bowls of split pea soup are consumed each year at the Buellton unit alone, according to O'Healy. More than five tons of dried peas are used each month by all four restaurants.

Development of the newer highway centers over the past seven years has raised the company's annual sales from about $4 million to nearly $26 million. Food service in the multifaceted operations account for about 75% of all sales.

About half of all food orders are of the chain's all-you-can-eat pea soup combo which sells for under $3. Travelers can also dine on a range of menu items from breakfast to full-course Continental dinners. Overall, food costs are reportedly under 29%.

The Andersen's complexes also have gas stations, convenience stores, cocktail lounges and wine/gift shops.

Airline woes raise sweat on caterers' brows

NEW YORK—With conditions in the depressed commercial airline industry worsening, in-flight caterers are worrying about the impact on their side of the business.

"It's difficult to make long-term plans considering the state of the industry," says Gordon Anderson who, as Dobbs Houses' marketing and sales vice president, oversees the firm's $200 million-a-year airline catering division.

Anderson, like other in-flight catering officials, says he believes "the worst is yet to come."

Mired in the worst slump in its history, the airline industry was jolted recently when Continental Airlines declared bankruptcy and filed for reorganization under the Federal bankruptcy code.

Braniff International took a similar route on May 12, 1982 and has been grounded since. Eastern Airlines is reported to be struggling and the survival of six of the remaining 11 major domestic carriers is in doubt.

The current sorry state of the airline industry can be traced directly to the Airline Deregulation Act of 1978. Deregulation sparked recent price wars by allowing trunk carriers to charge arbitrarily discounted fares that often were money-losing propositions.

Other key factors contributing to the industry's problems are high labor costs and a falloff in passenger traffic due to the recession.

> *'It's difficult to make long-term plans considering the state of the industry. The worst is yet to come.'*
>
> **—Gordon Anderson**
> **marketing vp, Dobbs Houses**

Dobbs Houses, which receives more than 60% of its annual gross sales volume from airline feeding contracts, is "proceeding optimistically yet cautiously about the future," according to Anderson.

Like many in-flight caterers, Dobbs Houses has been focusing on smaller airlines even though it still holds contracts with all major airlines except Republic.

"We're looking at the smaller new entrants for ways to serve them," Anderson said. Due to "predatory pricing" by its competitors, Dobbs Houses also has started to downgrade its in-flight menus on some carriers. Like some other airline caterers, Dobbs Houses is "boarding fewer meals this year than last."

Continental's troubles have not materially affected Marriott Corp.'s extensive in-flight catering business, according to Al Rankin, corporate relations vice president. "Continental has not represented a significant piece of business for us," he said.

Rankin refused to speculate on Marriott's reaction if other carriers filed for bankruptcy court protection. Marriott, he noted, has a longstanding business relationship with Eastern Airlines.

As an unsecured creditor of Braniff, Marriott has a claim for $5.5 million with that carrier dating back to May 1982 when Braniff planes were grounded.

(Hyatt Hotels Corp. is trying

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FINANCIAL NEWS

Beefsteak Charlie's 3rd-quarter net profit slips 96%

NEW YORK—Beefsteak Charlie's reported that net profit for the third quarter ended Aug. 6 plummeted 96% to $39,000 compared to the same period last year. Revenues for the quarter increased less than 2% to $23.3 million.

Net profit for 40 weeks this year was $1.36 million, compared to $2.57 million in the same period last year. Revenues for 40 weeks were $75.79 million; in the same period last year they were $76.2 million.

The company linked the disappointing results to lower customer counts: Beefsteak Charlie's restaurants registered a $700,000 drop in sales in the third quarter.

The lower counts, the company believed, were due to menu price resistance and increased competition from similar restaurants offering lower prices.

Lawrence Ellman, president, said the company did not expect the fourth quarter "to show any material change from the results" of the third.

To try to reverse its fortunes, the company, which operates and franchises 69 family dinnerhouses, is undertaking a $6 million renovation program and developing a new menu, Ellman said.

The new menu includes Mexican-style and light meals in addition to traditional beefsteak entrees. All will be offered either à la carte with beer or wine, or as complete dinners with shrimp and salad bar, thus giving customers greater price selection.

The company said the renovation program has begun to give positive results: the first renovated unit—in Bay Shore, N.Y.—has had a 30% increase in customer counts.

New units in Fort Myers, Fla., and on the Atlantic City boardwalk have the new, contemporary look, and the company expects the latter unit to do more than $2.5 million in annual sales.

Godfather's franchisee going public

HOLLYWOOD, Fla.—The south Florida franchisee for Godfather's Pizza plans to go public, selling up to 49% of the company for up to $4.9 million.

American Family Pizza, which operates 16 Godfather's and plans four more by year-end, plans to sell 700,000 equity units priced at $7 each. Every unit consists of one share of common and one five-year stock purchase warrant.

The proceeds would be used to pay down about $1.4 million in bank debt and fuel expansion. The company must build at least seven new Godfathers a year, but projects 10 to 12.

The president and chief shareholder is Jerry Slusky.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended Oct. 7							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
Name	Symbol	High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Acapulco Y Los	ALAR	6.75	6.25	6.38	-.63	-8.93	7.88	5.00	.30	-.10	1.29	-30.90	.05	.10 N	500.0	-8.0	.3	53.1	.00	.0	01-06-81	37.1	.1	1.4	6.13	2.99	1082
Am Motor Inns	INN	34.25	31.00	34.13	2.00	6.23	38.50	20.25	.06	1.05	-.43	-3.11	2.52	.42 F	20.0	53.0	7.9	13.5	.25	.7	08-10-83	175.1	13.9	1.6	15.08	13.00	0782
ARA Services	ARA	53.00	51.00	52.25	.25	.48	55.00	31.25	.20	-.41	-3.52	10.20	3.43	.52 N	15.0	-2.0	1.4	13.1	2.05	3.9	08-26-83	2805.6	38.9	1.1	22.39	44.25	0982
Assoc Hosts	AHST	16.25	15.50	16.25	.00	.00	18.50	3.66	-.46	.47	-2.90	-16.43	.39	.13 N	30.9	-7.0	2.2	29.5	.12	.7	07-05-83	78.6	1.7	1.6	4.40	5.05	0982
Beefsteak Char	BCS	5.88	4.75	5.00	-.75	-13.04	9.75	4.50	-1.46	-1.52	3.24	-32.22	.88	-.28 N	-35.4	32.0	3.7	9.8	.00	.0	00-00-00	97.1	3.6	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	24.25	23.50	24.25	.50	2.11	26.81	15.31	.07	-.78	2.05	51.01	.89	.07 Q	8.2	23.0	6.9	26.4	.26	1.1	09-19-83	187.5	13.0	3.0	.00	5.54	0483
Bonanza Intl Inc	BNZA	6.63	6.13	6.13	.00	.00	7.38	1.88	-.60	-2.96	1.29	36.11	.11	3.06 S	NE	-85.0	3.1	30.6	.00	.0	00-00-00	16.1	.5	1.6	9.70	1.67	1282
Brock Hotel Cp	BHC	7.38	6.88	7.00	-.38	-5.08	13.38	6.88	-.43	-.41	-.73	-20.43	.55	-.54 S	-76.0	4.0	2.8	41.2	.10	1.4	09-27-83	255.6	7.1	1.1	16.64	4.38	1282
Calny Food	CLNY	14.50	14.00	14.00	-.25	-1.75	17.25	6.66	-.26	-.76	.09	-51.76	.80	.11 S	15.0	8.0	4.6	16.7	.20	1.4	07-27-83	30.2	1.4	.4	3.71	2.24	0283
Captain Crabs	CRAB	7.38	6.88	7.00	.00	.00	8.38	1.00	-.26	-1.66	-3.41	5.77	.00	.00 N	NC	NC	.0	NE	.00	.0	00-00-00	.9	.0	7.0	.04	.22	0682
Carrols Cp	CRL	10.63	8.88	10.13	-.63	-5.81	11.88	2.38	-.30	1.04	-3.83	14.49	.50	.28 F	127.2	437.0	3.6	20.3	.06	.6	08-29-83	85.2	3.1	.6	3.28	2.00	0582
Chart House	CHHO	36.00	34.13	34.75	-1.88	-5.12	37.75	20.63	.14	-1.19	-1.75	32.06	2.08	.09 S	4.3	15.0	4.9	16.0	.60	1.7	09-20-83	382.0	18.7	1.0	9.21	13.12	1282
Chi-Chis	CHIC	37.63	21.25	27.88	-9.38	-25.17	37.75	14.44	-1.06	1.18	-.83	-31.98	.59	.36 Q	109.0	457.0	9.4	40.4	.00	.0	12-20-82	94.2	8.9	2.6	2.81	2.43	0483
Ch Full O Nut	CHF	20.75	19.13	20.75	.63	3.11	24.38	12.50	.02	.31	-2.53	46.37	.64	.23 F	56.0	-3.0	2.9	32.4	.50	2.4	07-15-83	111.6	3.2	3.1	.43	5.97	0782
Churchs Fr Ch	CHU	26.25	23.00	25.13	1.75	7.49	33.50	21.84	.02	.60	-.52	.23	2.19	-.27 N	-11.8	11.0	10.1	12.5	.72	2.9	10-24-83	413.1	41.6	1.8	.62	11.74	1282
Cindys Inc	CNDYC	3.75	3.63	3.63	-.13	-3.33	4.00	3.00	-.05	-1.76	-1.85	-9.88	.13	.46 S	NE	87.0	2.1	12.5	.00	.0	00-00-00	14.3	.3	.0	4.63	.43	1282
Collins Foods	CF	18.75	16.88	18.13	-.25	-1.36	19.84	11.44	-.08	.72	-7.90	-2.68	1.47	.32 Q	26.0	29.0	3.8	11.7	.20	1.1	09-23-83	324.4	12.4	1.8	4.14	8.71	0483
Consul Corp	CNSL	18.38	17.25	18.00	-.50	-2.70	18.75	8.38	.06	.28	-2.81	-10.84	.26	.33 Q	NE	133.0	2.5	58.1	.00	.0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	25.75	22.75	24.75	2.25	10.00	27.34	8.84	.45	-.94	-.81	5.37	.86	.17 F	24.6	29.0	4.4	28.8	.14	.6	08-30-83	45.7	2.0	1.9	3.57	4.46	0782
Dennys Inc	DEN	35.38	31.25	35.25	3.00	9.39	36.88	27.13	.23	2.15	.39	40.15	2.54	.14 F	5.8	11.0	3.8	13.9	.72	2.0	09-02-83	1054.6	40.2	1.7	17.92	17.17	0683
Dunkin Donuts	DUNK	25.13	24.75	24.88	.50	2.05	28.75	14.84	.31	-.78	-5.14	-55.95	1.40	.22 N	16.2	25.0	9.4	15.8	.28	1.1	08-15-83	71.3	6.7	1.2	12.87	15.97	1082
Frischs	FRS	27.63	26.25	27.50	1.25	4.76	27.63	9.75	.45	-.59	3.65	43.90	1.92	.12 F	6.6	22.0	3.7	14.3	.40	1.5	09-28-83	110.6	4.1	1.3	5.95	15.14	0583
Godfathers Pizza	GFPZ	19.63	18.75	19.00	-.63	-3.18	25.50	13.63	.08	-1.43	-3.26	-47.83	.65	-.01 S	-1.5	115.0	15.8	29.7	.00	.0	00-00-00	37.9	6.0	2.1	.55	1.99	1282
Hamburg Hamlet	HAMB	11.00	10.50	10.50	-.50	-4.55	12.00	5.75	-.59	-.77	-5.53	.00	-1.10	-2.45 F	-181.4	-22.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	HLT	56.38	51.50	51.75	-4.25	-7.59	60.25	38.88	-.05	-1.26	-1.32	14.35	3.04	-.83 S	-22.0	8.0	14.4	17.6	1.80	3.5	08-29-83	562.9	81.3	2.0	6.73	21.31	1282
Holiday Inns	HIA	57.25	53.25	54.63	-1.88	-3.32	59.00	31.00	.26	-.77	-.26	-24.64	2.50	.16 S	5.8	13.0	6.8	18.9	.84	1.5	09-12-83	1425.3	97.2	.9	11.74	25.35	1282
Horn & Hardart	HOR	29.00	25.75	29.00	2.25	8.41	32.34	12.09	.16	1.63	.99	52.42	.74	.37 S	62.7	952.0	2.8	30.2	.00	.0	07-12-83	235.4	6.6	1.1	9.46	4.77	1282
Hungry Tiger	HTIG	9.75	9.25	9.75	-.25	-2.50	12.25	6.34	-.25	-.82	-5.82	-8.87	.78	-.21 N	-25.9	17.0	3.8	16.3	.00	.0	11-15-82	55.9	2.1	.6	4.91	5.57	0882
Imperial Grp	IMT	1.94	1.69	1.94	.13	6.90	2.06	1.56	.09	.70	9.46	10.03	.47	-.10 S	-17.2	6.0	2.6	4.0	.11	5.7	09-27-83	7742.8	198.3	1.1	.54	1.92	1082
Intl Dairy Queen	INDQ	36.00	34.50	36.00	1.00	2.86	40.00	18.00	.40	.08	-4.56	-22.00	2.17	.81 N	39.3	64.0	6.3	12.5	.00	.0	00-00-00	98.6	6.2	1.1	11.23	6.32	1182
Int King Tab	IKNG	22.50	19.50	22.50	2.25	11.11	22.94	3.16	.36	1.53	-1.86	6.82	.92	.72 F	360.0	696.0	4.8	24.5	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JBs Rest	JBBB	16.50	14.25	14.50	-2.00	-12.12	18.13	8.00	-.40	-3.57	-.19	25.76	.93	.21 N	25.3	12.0	3.5	13.9	.20	1.4	08-08-83	45.1	1.6	.9	6.38	5.84	0982
Jerrico Inc	JERR	19.75	18.63	19.50	.13	.65	23.50	16.75	.11	-.44	.27	68.01	1.33	-.07 F	-5.0	27.0	4.6	14.7	.12	.6	08-18-83	454.1	21.0	.9	2.91	8.99	0682
Kapok Cp	KPK	6.75	5.25	5.25	-1.38	-20.75	10.75	3.25	-1.58	-4.47	4.00	82.08	-.37	-.54 N	NE	-52.0	-6.1	NE	.00	.0	00-00-00	11.4	-.7	2.5	1.36	5.45	0982
Kelly-Johnston	KEJO	17.25	14.75	17.25	1.38	8.66	24.50	12.13	-.43	2.78	1.97	17.08	40	.09 Q	27.2	57.0	5.9	41.1	.00	.0	10-13-82	40.8	2.4	.9	.89	4.40	0382
Karcher Carl	CARL	41.00	34.25	41.00	7.00	20.59	41.00	13.69	.62	1.60	4.97	-10.18	1.32	.34 S	28.5	23.0	4.0	26.8	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Lubys Cafe	LUB	34.00	32.50	33.50	-.13	-.37	35.00	23.50	-.04	.15	2.38	40.44	1.35	.18 N	13.8	30.0	9.1	22.6	.60	1.8	09-02-83	127.3	11.6	1.9	.64	6.79	0882
Marcus Corp	MRCS	14.63	13.88	13.88	-.63	-4.31	15.13	7.25	.28	-.86	1.39	61.07	1.28	.24 Q	21.0	7.0	6.1	10.1	.25	1.8	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	76.88	72.50	73.63	-2.88	-3.76	81.00	47.25	-.18	-.64	-.70	.52	3.44	.58 N	17.3	36.0	3.7	18.7	.36	.5	09-19-83	2541.4	94.3	.9	33.49	19.43	1282
McDonalds Cp	MCD	67.50	64.25	67.25	1.63	2.48	74.50	53.63	.29	.04	-2.50	3.40	5.00	.63 S	13.4	23.0	11.1	12.7	1.00	1.5	07-15-83	2715.2	300.6	.5	17.62	25.51	1282
Morrison Inc	MORR	20.00	19.00	19.75	-.25	-1.25	21.06	12.84	.11	.28	-3.36	18.27	1.34	.21 Q	17.9	14.0	4.5	14.3	.40	2.0	10-07-83	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	10.00	9.50	9.50	-.63	-6.17	10.50	2.13	.45	-1.42	-.35	-8.02	-.98	-.17 N	NE	-38.0	-2.7	NE	.00	.0	05-29-80	59.8	-1.6	1.1	4.26	3.76	0982
Nathans	NATH	3.13	2.75	3.13	.38	13.64	3.13	1.00	1.43	.32	1.04	-7.64	.09	.06 F	200.0	34.0	1.1	34.7	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	20.50	17.25	18.25	-2.25	-10.98	32.75	14.06	-.51	-2.15	-10.10	-14.44	.70	.11 F	18.6	162.0	3.6	26.1	.00	.0	11-01-82	86.7	3.1	.4	8.04	2.73	0682
Oakbrook Cons	OKCO	16.50	16.00	16.50	.50	3.13	18.50	13.50	-.28	-.14	-6.13	-50.00	.69	-.81 N	-90.0	-10.0	.4	183.3	.32	1.9	06-09-83	143.6	.6	.6	3.82	13.85	0982
Orange-co	OJ	5.75	5.38	5.63	-.25	-4.26	7.88	4.38	-.11	-.12	2.19	13.60	-.25	-.41 N	-273.3	17.0	-.8	NE	.00	.0	02-22-82	74.0	-.6	1.3	13.28	4.63	0882
Peoples Rest	PEPL	12.25	10.38	11.25	-1.00	-8.16	15.13	5.75	-.49	-.90	-7.48	31.13	.28	.09 F	47.3	771.0	7.0	40.2	.00	.0	00-00-00	27.3	1.9	.5	.75	2.39	0682
Piccadilly Caf	PICC	14.63	13.63	14.63	.25	1.74	18.13	12.75	.29	-.31	-1.37	-33.08	.99	-.40 F	-28.7	7.0	3.9	14.8	.60	4.1	09-09-83	152.7	6.0	1.9	.00	7.29	0682
Pizza Inn	PZA	13.88	12.63	12.63	-.88	-6.48	17.50	5.00	-.34	-.96	-2.74	17.96	.55	.44 S	97.7	5.0	1.3	14.2	.04	.3	07-12-83	135.1	1.7	.9	12.32	6.63	1282
Pizza Time Thea	CHKY	12.75	10.00	10.00	-3.25	-24.53	26.00	10.00	-1.07	-7.26	-1.51	28.17	1.27	-.81 S	-75.7	268.0	7.6	38.5	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Ponderosa Sys	PON	21.00	19.50	21.00	.38	1.32	25.25	15.00	.29	.54	.05	.76	1.50	.13 S	9.1	-3.0	2.8	13.5	.33	1.6	09-21-83	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	10.88	9.50	10.50	-.13	-1.18	11.88	4.63	-.04	1.01	-3.05	38.87	-.73	-.45 S	NE	-38.0	-3.6	NE	.00	.0	10-19-81	547.5	-19.8	.6	18.50	5.12	1282
Restaur Assc	RA	8.63	7.50	8.00	-.38	-4.48	11.38	4.38	-.44	-2.02	1.23	20.00	.77	.06 S	9.2	40.0	1.8	11.3	.00	.0	00-00-00	104.8	1.9	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	25.75	25.25	25.75	.25	.98	28.25	3.63	.15	-.27	-2.57	9.53	.33	.07 S	21.8	89.0	10.6	66.0	.00	.0	04-20-83	9.4	1.0	3.1	.34	1.61	1282
Saga Corp	SGA	36.25	35.13	35.75	.88	2.51	40.25	16.38	.08	-.71	-4.72	1.11	2.10	.47 F	28.8	88.0	2.3	17.0	.36	1.0	08-15-83	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	13.75	13.50	13.50	.00	.00	15.50	11.75	.21	-.74	-9.14	87.62	.70	-.07 F	-9.0	30.0	4.5	19.3	.00	.0	00-00-00	20.2	.9	.6	.50	3.42	0682
Sea Galley	SEAG	11.38	10.75	11.25	.50	4.65	15.00	5.50	-.73	-.81	-1.85	57.66	.02	-.93 S	-152.4	-15.0	-.6	NE	.00	.0	06-02-81	70.1	-.4	1.3	5.10	4.90	1282
Servico Inc	SRVI	15.50	15.00	15.25	.00	.00	17.94	8.63	-.34	-.59	-2.59	-27.17	.67	-.40 S	-41.6	27.0	1.5	27.2	.00	.0	09-09-83	138.1	2.1	1.1	59.81	5.64	1282
Shoneys Inc	SHON	22.75	21.25	21.25	-1.25	-5.56	27.38	17.06	-.41	-1.47	-2.82	3.01	.86	.26 N	35.6	26.0	5.1	21.5	.15	.7	10-03-83	324.9	16.6	1.0	2.65	5.02	1082
Sizzler Rest Intl	SIZZ	12.50	11.25	12.50	.50	4.17	16.25	8.50	-.35	1.61	-4.61	34.08	1.01	1.09 Q	NC	18.0	4.5	11.5	.00	.0	00-00-00	128.0	5.8	1.0	2.33	4.63	0482
Skippers	SKIP	12.00	10.00	11.25	-.75	-6.25	15.50	4.16	-.82	2.51	5.19	4.55	.48	.45 N	121.6	18.0	2.6	13.7	.08	.7	03-31-83	38.1	1.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTA	22.00	22.00	22.00	1.34	6.51	22.00	18.00	.27	-.78	9.28	.00	.37	-.18 S	-20.9	-1.0	.9	32.4	.26	1.2	10-05-83	80.1	.7	1.1	34.95	12.68	1282
So Hospitality	SHOS	5.13	4.88	5.13	.38	7.89	7.50	1.38	-.24	.39	-4.63	11.97	.27	.09 Q	42.8	102.0	3.8	17.1	.00	.0	00-00-00	26.3	1.0	.8	4.32	.24	0583
Steak n Shake	STAK	7.00	5.63	7.00	.38	5.66	9.25	2.63	-1.28	2.32	-.58	17.40	.18	.15 N	166.6	-12.0	1.4	29.2	.00	.0	05-17-79	57.2	.8	1.1	4.94	2.76	0982
Victoria Stations	VSTA	8.75	8.25	8.25	-.38	-4.35	13.63	5.00	-.41	-1.67	-.17	-3.77	-2.39	-2.76 Q	-725.0	-79.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Wendys Intl	WEN	17.00	14.88	16.75	1.13	7.20	19.63	13.00	-.01	2.32	1.36	-4.63	1.13	.15 S	14.2	22.0	7.3	14.0	.24	1.4	08-08-83	604.3	44.1	.8	2.53	6.50	1282
Webb Del E	WBB	20.50	18.75	19.75	-.25	-1.25	25.00	6.50	.48	.42	-.92	.57	.16	.38 S	NE	-23.0	.5	658.3	.00	.0	11-07-80	311.2	1.5	.9	11.32	13.71	1282
Western Steer	WSMP	13.25	13.00	13.00	.00	.00	17.50	8.25	-.18	-1.34	2.56	61.02	.92	-.13 S	-11.8	6.0	3.1	13.4	.16	1.2	08-29-83	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	14.00	12.63	12.63	-1.13	-8.18	17.13	8.91	-.50	-1.00	-1.47	4.20	.63	.01 S	1.6	11.0	2.6	20.7	.00	.0	03-10-83	83.1	2.2	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Beefsteak Charlie's	3 mos. 9 mos.	8/6			$23.3 75.8	2.0 —	$ 0.039 1.360	(96.0) (47.0)
Chi-Chi's	3 mos.	7/31			36.3	79.0	3.600	77.0
Carrols Corp.	3 mos.	8/31	$32.5	46.0			1.800	30.0
Bob Evans Farms Restaurant div.	3 mos.	7/29	30.0	15.0			2.500	13.0
Marriott Corp.	3 mos.	9/9	747.0	18.3			36.700	22.7
Southern Hosp. Corp.	3 mos.	8/31			8.0	46.0	0.274	43.0
Western Steer—Mom 'N' Pops	3 mos. 6 mos.	8/12			7.9	26.0	0.231 0.456	14.7 27.1

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Marriott net profit increases 23%

Gains attributed to improvements in major lines of business.

BETHESDA, Md.—Marriott Corp. reports that net profit rose 22.7% to $36.7 million in the third-quarter ended Sept. 9 compared to the same period a year ago.

Sales in the third-quarter increased 18.3% to $747 million.

Gains were attributed to "overall improvement in all major lines of business—hotels, contract food services, restaurants and theme parks," according to president Bill Marriott.

Marriott owns, operates and franchises 125 hotels; numerous restaurants including Roy Rogers fast-food units and Big Boy coffee shops, and many flight kitchens providing meals for airlines.

Marriott said the company benefited from a 7% decline in interest expense during the third-quarter, but said growth in net income was lower than in operating income because of a higher effective tax rate.

Western Steer parent profit up 15% in 2nd qtr.

CLAREMONT, N.C.—Western Steer-Mom 'N' Pop's Inc., parent company of Western Steer Family Steakhouses and Mom 'N' Pop's, has reported profits for the second quarter ended Aug. 12 of $231,000, up 14.7% from $202,000 reported in the same quarter last fiscal year.

Second-quarter revenues were $7,892,000, up 26% over the $6,265,000 reported in the second quarter of the prior year.

For the first six months Mom 'N' Pops reported net profits of $456,000, up 27.1% from $359,000 in net profits recorded during the first six months of last year.

Chi-Chi's earnings increase 77%

LOUISVILLE—Chi-Chi's reported net profit in the first quarter ended July 31 increased 77% to $3.6 million compared to the same period last year. Revenue for the quarter rose 79% to $36.3 million.

Shelly Frank, chairman and chief executive of the chain of 52 company-owned and 57 franchised Mexican-style dinnerhouses, said sales were "robust" in both mature and new units. "In fact," he said, "we are experiencing some of the strongest restaurant openings in our history."

Seventeen new dinnerhouses have been opened this fiscal year. Frank said the company was "on target" to reach a goal of 145 restaurants operating by the end of the year.

Meanwhile, shareholders at the company's annual meeting Sept. 26 approved a three-for-two split of the company's common stock. The stock was selling at 37⅜ before the split and 24⅞ afterwards. The split was payable on the next day to shareholders as a dividend. This was the fifth dividend granted since the company began in 1977.

Shareholders also approved an increase in common stock from 22 million to 70 million shares.

The board of directors, meanwhile, approved the redemption and conversion of about $10 million in convertible subordinated debentures that had remained outstanding out of a recent $20 million offering at 10½%.

During the first quarter Chi-Chi's opened its 600th unit, in Scarborough (a suburb of Toronto), Ontario. There are Chi-Chi's in four Canadian provinces and 31 states.

Bob Evans Farm restaurant div. net up 13%

COLUMBUS, Ohio—Bob Evans Farms restaurant division reports profits rose 13% to $2.5 million on a 15% increase in net sales to $30 million in the first quarter of fiscal 1984 ended July 29 compared to same period a year earlier.

Three new Bob Evans Farms family restaurants opened in the quarter, bringing the total to 96 compared to 82 a year ago. Two other restaurants have since opened and seven others are under construction.

Total company profits, which include results from the sausage and restaurant divisions, were up 24% to $4.1 million on a 6% rise in net sales to $47 million in the quarter compared to the year-earlier period.

Keg buys 16 Crock and Block units

VANCOUVER, Canada—Keg Restaurants Ltd. says it has completed acquisition of 16 Crock and Block restaurants in Ontario and a 50% interest in the real estate of 12 of them.

Keg, an 87-unit dinnerhouse chain, plans to convert four of the former General Foods units to Kegs this year with the rest to follow later.

The restaurants and real estate interests were acquired from Canterbury Foods Ltd. for $9 million (Canadian) cash, 250,000 class A Keg shares and a convertible note for $1 million.

Popeye's franchisee maps growth of chili chain

By Charles Forman

NEW YORK—When Fast Food Operators, the local Popeye's franchisee, inked a deal in July to take over Florida-based JoAnn's Chili Bordello restaurants, Fast Food's president, Aaron Fodiman, called the transaction "an outstanding opportunity for the company."

Talking to a group of Wall Street securities analysts last month, Fodiman set late November as the proposed date for an initial offering of JoAnn's stock—the latest of one of many recent industry spinoffs—and talked up the idea that the JoAnn's opportunity had become even more "outstanding."

The first outstanding thing about JoAnn's is that Fast Food Operators was able to buy a controlling interest (62.5%) for just $2,500.

Jacksonville-based JoAnn's, operator and franchisor of seven restaurants with annual unit volumes of between $750,000 and $1.5 million is "a very profitable entity" Fodiman said to the analysts.

So, how could Fast Food Operators buy in for so little? "It's better to have a smaller piece of a good pie . . ." Fodiman said, "and the principals of JoAnn's recognized that."

After the public offering, Fast Food Operators will still hold about 45% of JoAnn's, Fodiman said. No selling shareholders are involved, according to the Fast Food Operators president, so all proceeds—an expected $2 million—will go to the company.

The $2 million should go far. Fodiman said opening a new unit costs about $200,000, mostly for leasehold improvements. JoAnn's concentrates on conversions of existing restaurants. Even secondary locations work well for a JoAnn's, Fodiman declared, because traffic was built by personal recommendations.

"Any basic restaurant kitchen will do," Fodiman said, to put out the JoAnn's menu, which spotlights 15 different kinds of chili.

More varieties are in the works, including a vegetarian chili, Fodiman said. He told the analysts "we feel chili is one of the American foods that nobody has capitalized on."

The menu draws an average per-person check of $7, including liquor. Bar sales average a little over 30% of the total gross. Specialty drinks are emphasized.

Fodiman also promoted to his audience the bordello theme: Victorian decor touches, dark crimsons, waitresses suited out in uniforms that show a lot of leg.

Other casual themers "look the same," he said. "JoAnn's stands out."

Fast Food Operators hopes to franchise JoAnn's but is also working to open company units in major metropolitan areas. Fodiman said he hoped to open "two or three" units in New York City when site agreements can be worked out. (He was involved in negotiations for the former Lobell's Steak House location in midtown Manhattan, but another operator got the lease.)

'It's better to have a smaller piece of a good pie, and the principals of JoAnn's recognized that.'

—Aaron Fodiman president, Fast Food Operators

In response to a question, Fodiman noted that a JoAnn's typically brought in a store-level pretax margin of 25%. A franchisee, he said, would give up an additional 5% in royalties.

Despite company enthusiasm for its casual theme concept, Fast Food Operators backbone is still its Popeye's Famous Fried Chicken operation.

Popeye's, which is part of A. Copeland Enterprises, Jefferson, La., operates or franchises 350 units in 35 states. It's a privately held business. Fast Food Operators, which is public, is the exclusive franchisee for the New York Metropolitan Area.

Currently Fast Food has eight Popeye's open: three in Manhattan, two in Queens, two in Brooklyn and one in Teaneck, N.J. Two more are under construction in Queens and building contracts have been finalized for additional units in Queens and Brooklyn.

Fodiman said 12 units would be open by the end of December. He said his company's contract with the franchisor called for a total of 17 Popeye's to be in operation by the end of 1984.

Fodiman said his company's stores averaged $750,000 in annual sales and that new stores were achieving profitability two months after opening (with a 30% drop-through of sales to the bottom line after breakeven).

All the units are in former fast-food restaurant locations and the average cost of opening a Popeye's, including equipment, has been about $200,000, Fodiman said.

The menu featuring spicy fried chicken, made-from-scratch biscuits, coleslaw, Cajun rice or French fries, plus apple pie, pecan pie and chocolate and vanilla ice cream is bringing in an average transaction tab of $4.25, Fodiman said. Estimated average per-person check is $3.50.

Store level margins are 20%, Fodiman said. Corporate overhead eats away 7%-8% more, he noted.

Fodiman was queried on how his stores could be successful in locations where others had failed. "For the same reasons," he said.

He explained that deteriorating neighborhoods—death to some concepts—were often excellent locations for Popeye's.

New York City itself is quickly becoming a war zone, in a competitive sense, for chains like Popeye's, Horn & Hardart's, Bojangles, Church's, Kentucky Fried Chicken and the Riese Organization's Georgia Fried Chicken operation.

Popeye's has an advantage, some observers have asserted, because its menu allows customers to pick the piece of chicken they want.

Fodiman said the company was hoping to put a number of new units in nearby New Jersey.

Fodiman also commented for the analysts on a deal Fast Food Operators has to provide management consultant services to Kapok Tree Inns Corp. which operates four restaurants in Florida and one in Maryland and owns a restaurant supply company.

Fast Food Operators deal gives the company a $90,000 fee for one year's work, plus 10% of any "turnaround." Fodiman said it was too soon to estimate any pay-off from that provision.

Fodiman was questioned on the wisdom of Fast Food Operators getting involved in so many different projects. He said all the company's business "will grow."

"We're a three-headed Hydra that will be in balance," he said.